



Appendix G - Finance & Human Services



Finance and Human Services

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Executive Overview

Answering Governor Granholm's call to "think like a business," we are working to optimize our financial, audit, human resources and procurement processes. Doing so will mean our employees spend less time on process and more time developing innovative solutions to the state's, and our citizens', evolving needs. Better processes also mean that up-to-date information is available to decision makers in real time, leading to increased productivity and value to taxpayers.

All of this innovation and change calls for an IT work force prepared with the knowledge and skills needed to enable a more business-like approach to delivering state services. The Michigan Department of Information Technology's (MDIT) Office of Employee and Financial Services (OE&FS) already plays a key role in making the department a great workplace and the employer of choice for technology professionals.

We have worked to instill the values of excellence, integrity, teamwork and inclusion through the implementation of the MI 360 program, allowing employees to provide feedback for development of managers.

Employee development and training is another high priority, with the vital goal of providing behavioral and technical training opportunities for career advancement. We have actively pursued individual development plans for all department employees, working with leaders across the department to provide professional development opportunities. To accomplish our goal of making Michigan a great workplace and the employer of choice for technology professionals, we will also seek to integrate with our individual development plans our succession planning for managers and key personnel on mission critical applications in 2007.



Overview and History

The Office of Employee and Financial Services (OE&FS) serves as the Michigan Department of Information Technology's (MDIT) administrative arm, providing oversight of the department's budget and finance operations; department-wide communications and media relations; human resources; policy development; facility management; the department's organizational and professional development programs; and all other administrative functions of the agency. OE&FS has overseen the effort in rate development for state government technology services, having implemented the monthly invoice process for service rates that are charged back to the other state agencies. With responsibility for a \$360 million technology budget and overall spending of \$450 million, OE&FS has helped reduce technology spending by nearly \$100 million since fiscal year 2002.

This office plays a key role in making the department a great workplace and the employer of choice for technology professionals. OE&FS has actively pursued the creation of Individual Development Plans for all department employees, working with leaders across the department to provide professional development opportunities for all employees. In addition, OE&FS has worked to instill the values of excellence, integrity, teamwork, and inclusion through the implementation of the MI 360 program, allowing supervisors, peers and employees to provide feedback for development of MDIT managers.

Internal communications with employees is a high priority for OE&FS, making sure department members receive important communications to help them do their job and make work more fun. TechTalk, the department's intranet site, provides a broad range of information, including many of the team building opportunities that make the department a great place to work. Employee development and training is another high priority for OE&FS, with the vital goal of providing behavioral and technical training opportunities for career advancement and improved service to our clients.

OE&FS is responsible for some of the key objectives in this strategic plan for making the department a great workplace. Some of those objectives include: improving employee satisfaction; establishing relationships with universities to attract new talent; providing leadership development opportunities; seeking to implement a professional development reimbursement program; implementing the MI 360 program for management development; performance management and individual development plans; succession planning for replacement of lost leaders; working with Department of Civil Service (CS) to improve compensation; coordinating team building events to enrich the department's culture; and creating standard position descriptions for each job classification.

OE&FS has a total of 39 employees providing all of the administrative functions of the department. These employees belong to various sections, including Employee Services, Communications, and Financial Services. Employee Services is comprised of sections responsible for human resources, professional development, facility management, and administrative policies. Communications is responsible for



internal communications with employees, media relations, values integration, requests through the Freedom of Information Act, and content management for the intranet, department home page, and client and customer Web site. Financial Services is divided into various units including Billing Services, Rate Development and Infrastructure Services, and Financial Analysis Budget and Program Support.

Office of Employee and Financial Services – The Story

Administrative functions within an IT organization may be one of the most overlooked, yet most critical, aspects of organizational success. Human resources, budget and finance, internal and external communications, professional development – these are all critical functions for success and therefore must be included and planned for in a strategic sense. OE&FS has a clear vision for the future that can be categorized into three major areas:

- Simplifying costs through rated services for our client agencies
- Effectively managing the department's human resource environment to allow each employee to reach their potential
- Melding the 19 various inherited department cultures into our own unique culture of excellence, integrity, teamwork, and inclusion

Let us examine each of the areas in more detail.

Simplifying Costs through Rated Services

Whether it is the Department of Natural Resources or the Department of Community Health or any of the other 17 departments we serve, our clients want an easy and simple way to pay for the IT services they receive - and they want to understand what they are paying for. That is exactly why our vision is to develop rates and simplify billing for all of the department's services. The vision for rate development and simplification includes three main facets:

1. Rate all services by FY 2008;
2. Simplify rate development to make it more understandable and user friendly; and
3. Rate Technical Services by group functionality (e.g. an office platform rate)

With a constant focus on improving customer service, the financial staff provides detailed explanations of all IT costs to our client agencies, including historical detail back to FY 2003. They will continue to streamline reporting across all agencies so that the client has a clearer and more simplified view of costs which includes the total cost of ownership – a concept new to most of the client agencies. The financial staff will continue to work to identify areas that can be improved and streamlined for continued cost savings. In the end, clients receive additional assurance through the audit process that MDIT is providing excellent stewardship of their agency funds.

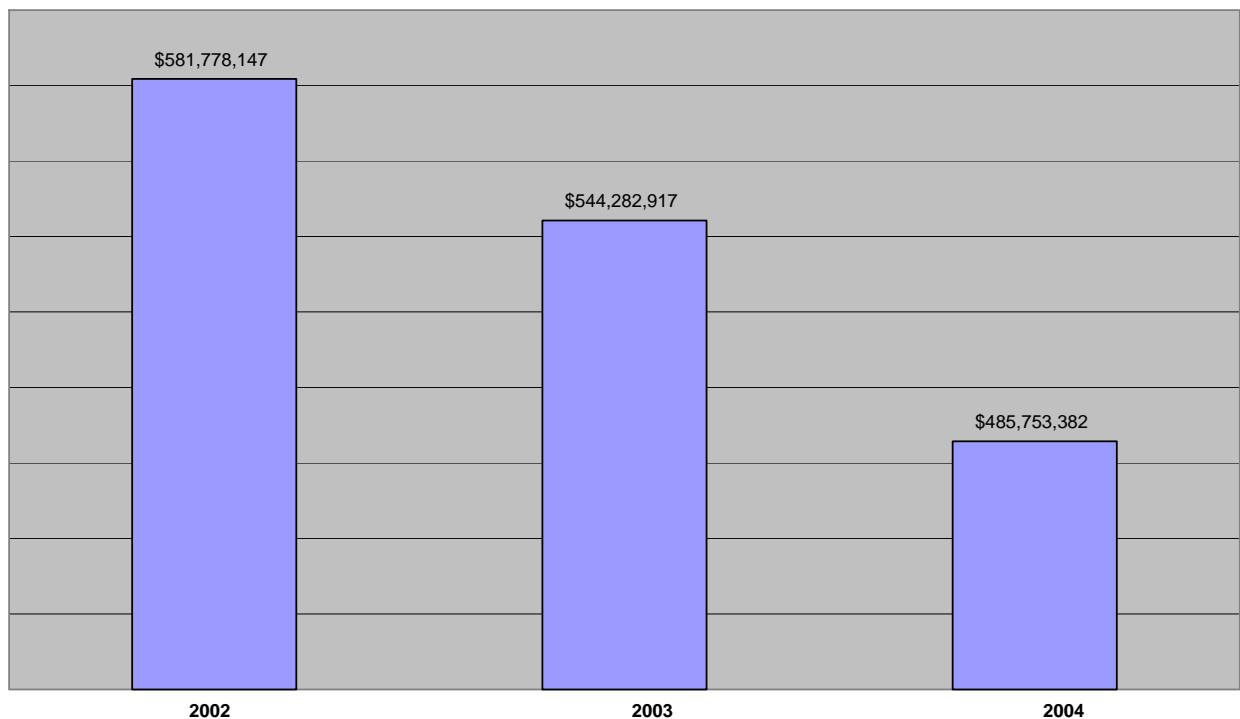
Another key area in simplifying costs for the client agencies is dependent upon revising the appropriation model used by the department. Actions in this area include:



- Transferring the Michigan Public Safety Communications System (MPSCS) appropriation from the Michigan State Police to our department
- Adding revenue carry forward language to the MPSCS boilerplate legislation
- Reviewing our cost allocation methodology
- Improving our reporting to the Office of the State Budget and the legislature
- Reducing multiple line revenue sources to a single line to eliminate excessive processes
- Implementing an asset management system

The asset management system is a key piece to the equation. Prior to the formation of the department, the State of Michigan had no accurate inventory of its computer assets. There were 55,000 desktops and more than 3,000 servers, but no accurate record of what they were, where they were located, or what was on them. With the new asset management system, we become better stewards of our assets. We know what we have and where it is located. With an accurate inventory of our assets, we give the clients confidence and better data to make informed decisions.

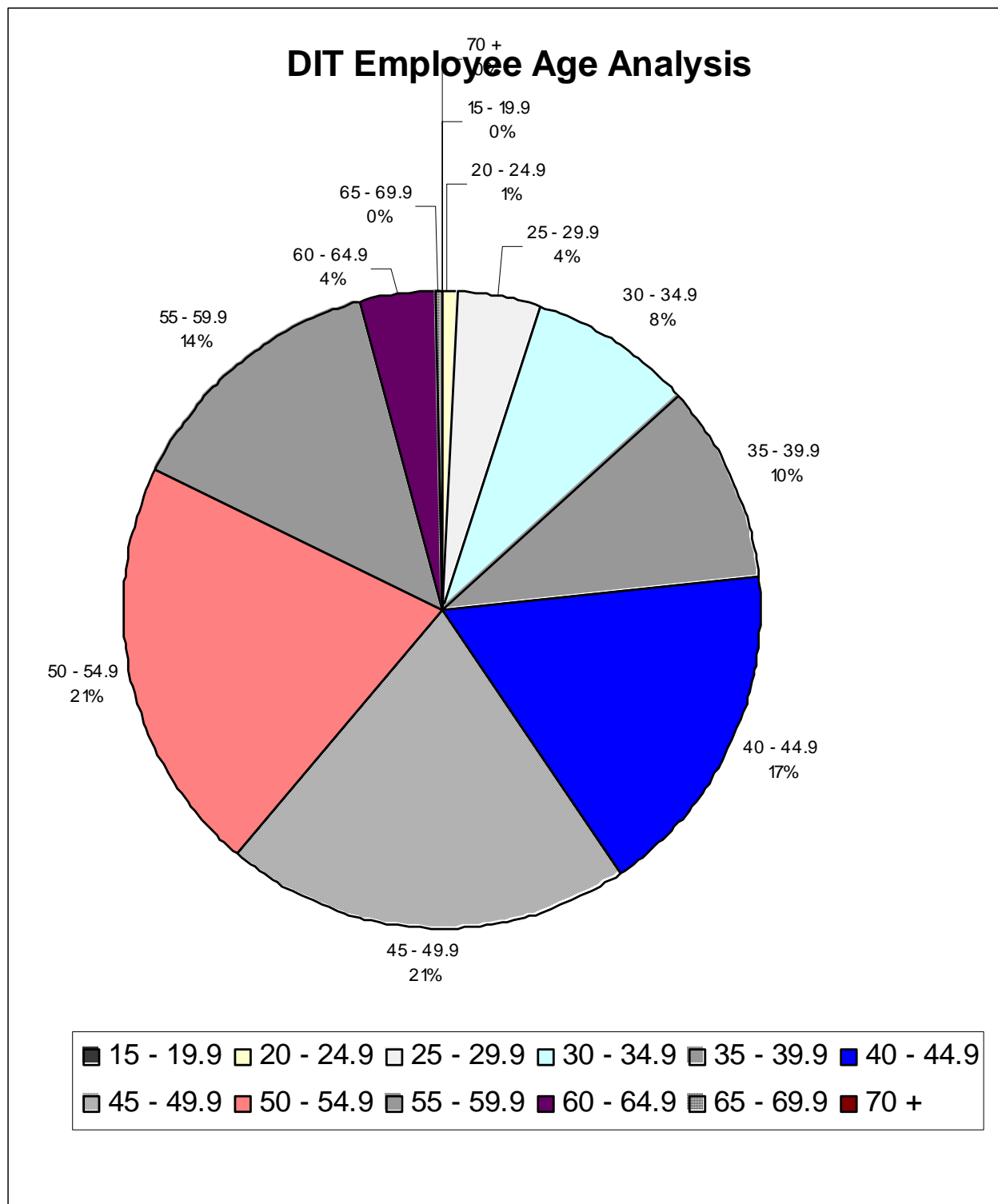
**State of Michigan IT Expenditures
FY2002 - 2004**





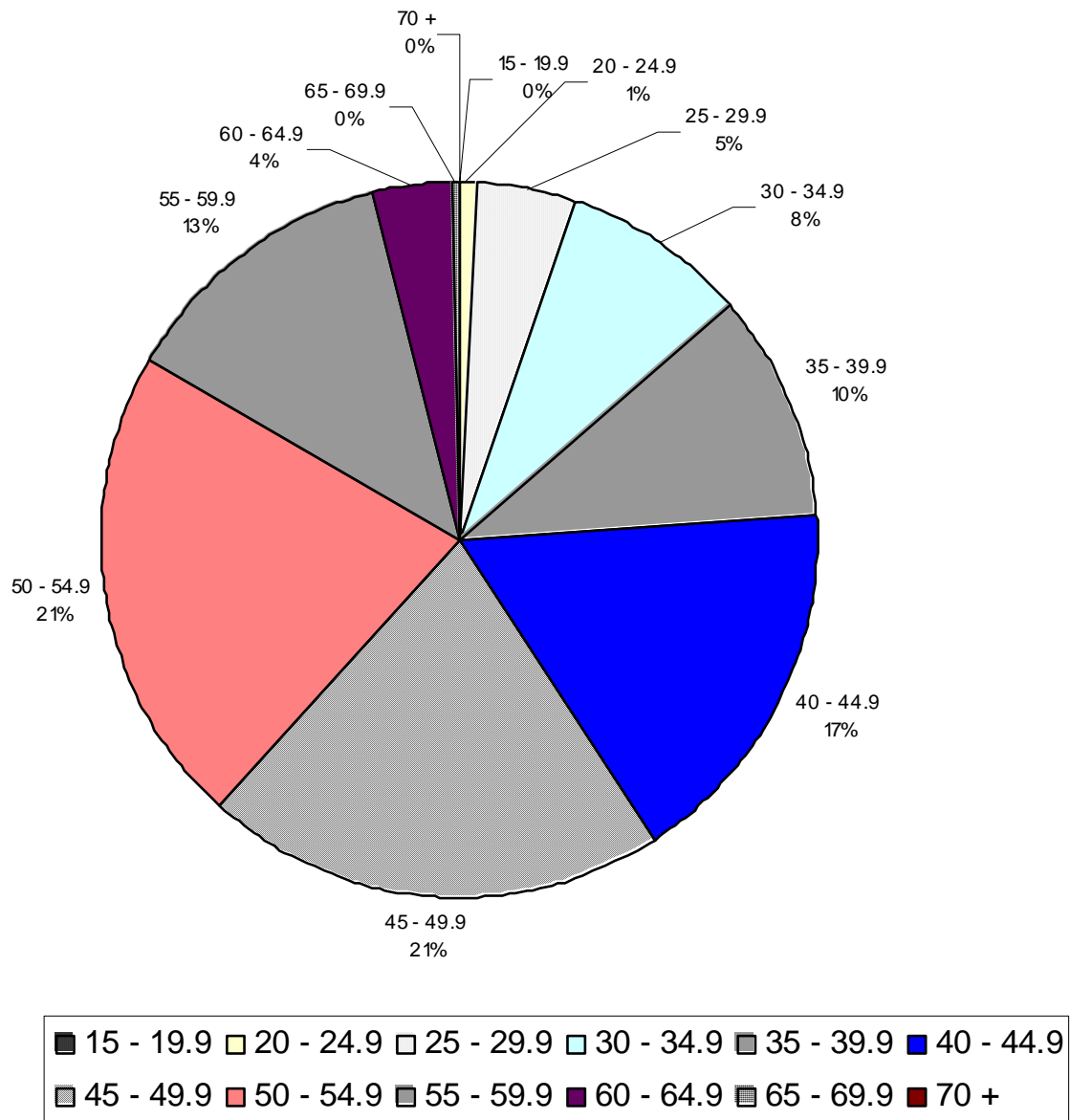
Effectively Managing Human Resources and Associated Processes

Employees make an organization thrive, and it is no different in a state government IT organization. Our employees allow us to find innovative and fresh solutions to the state's challenges. Investing in these employees and effectively managing the human resource processes are vital to organizational success. In order to develop, attract, and challenge the best talent looking forward, it is helpful to examine the current key demographics of our employees, as shown on the following pages.



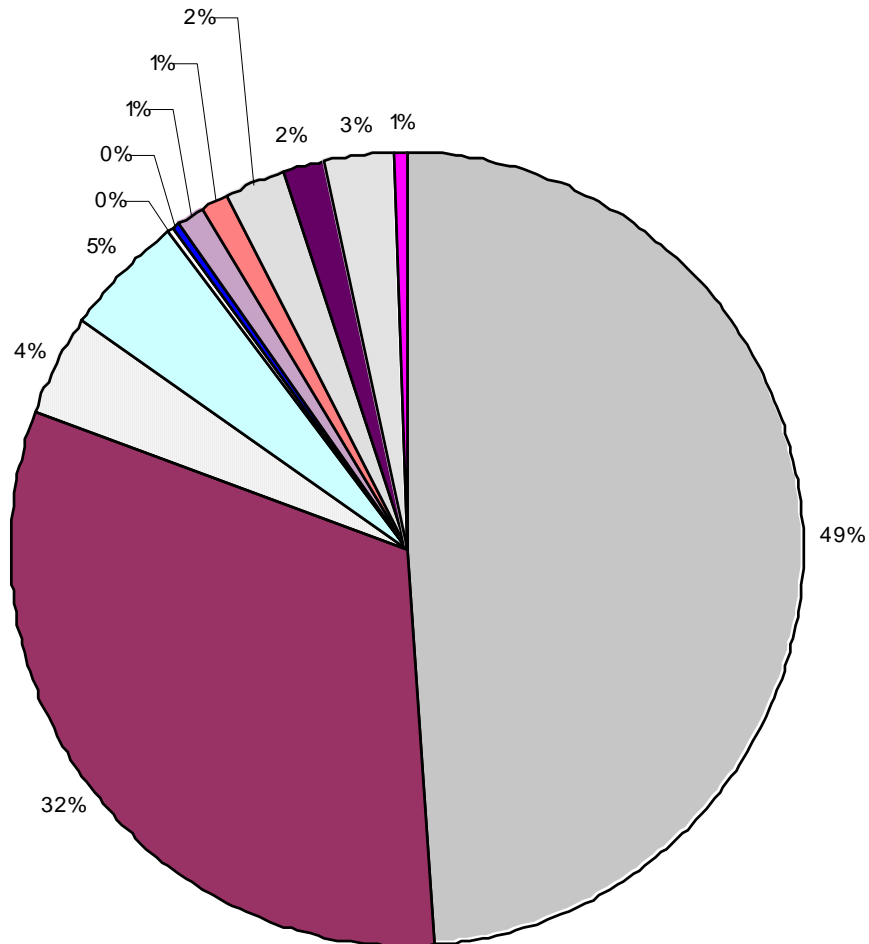


DIT Employee Age Analysis





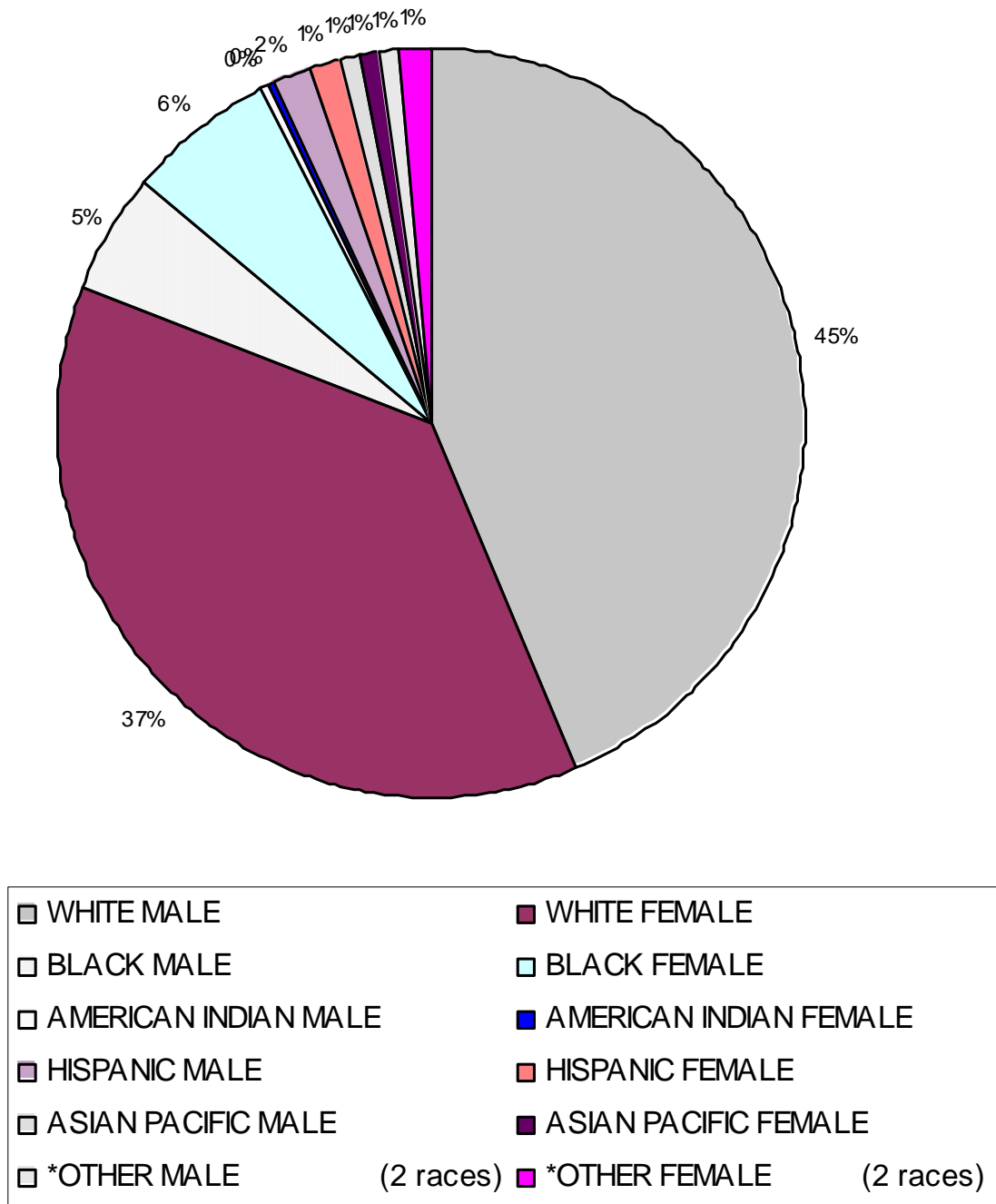
DIT Demographics



<input type="checkbox"/> WHITE MALE	<input type="checkbox"/> WHITE FEMALE	<input type="checkbox"/> BLACK MALE
<input type="checkbox"/> BLACK FEMALE	<input type="checkbox"/> AMERICAN INDIAN MALE	<input type="checkbox"/> AMERICAN INDIAN FEMALE
<input type="checkbox"/> HISPANIC MALE	<input type="checkbox"/> HISPANIC FEMALE	<input type="checkbox"/> ASIAN PACIFIC MALE
<input type="checkbox"/> ASIAN PACIFIC FEMALE	<input type="checkbox"/> NOT DISCLOSED MALE	<input type="checkbox"/> NOT DISCLOSED FEMALE



State of Michigan Demographics





Looking at the current demographics for the department tells us a great deal. First, we see that about 40 percent of our employees are women (32 percent of them are white; almost 5 percent African American; and another 3 percent are of other ethnic minorities). Some 48 percent of our employees are white men; 4 percent are African American; and another 4 percent are of other ethnic minorities. Of the nearly 1,700 people employed by the department, 261 serve in a role as supervisor or manager, translating to a manager to employee-ratio of 1 to 5.4. This demographic data is helpful looking forward, especially as we refine and further plan for professional development and training for employees.

Almost 60 percent of our employees are 45 or older, presenting us with the challenge of replacing their knowledge base as they reach retirement age. Should another early retirement package be offered to state employees, the data shows us that the department could lose nearly 30 percent of the workforce. So, the demographic data is also extremely helpful to the department in succession planning. The department has analyzed the demographics of all employees, by classification as well as functional area, using the demographics in our first formal succession planning process to identify critical risk areas pertaining to the age of the workforce and retirement projections, continuity of operations for critical systems and diversity issues. Some of the department efforts to increase the diversity of our workforce include ensuring that all interview panels are diverse themselves, both by function as well as by race and gender. In addition, diversity planning teams are examining ways to secure a more diverse workforce, including new recruitment efforts at college job fairs across the state.

Another area key to effectively managing human resources involves monitoring and planning for contract staff. Staff augmentation with contract employees requires a delicate balance between the work done by state employees and that best performed by contractors. The department continually examines that balance, recently implementing a contractor replacement initiative to eliminate some of the higher-priced contract employees no longer needed as a result of consolidations. The department was the first State of Michigan agency to take the initiative to replace contractors with full-time employees. As a result of the success, the Office of State Employer, on behalf of the Governor's Office, tasked all agencies to follow in our footsteps by implementing a formal program designed to eliminate contractors across all state agencies. The department worked to obtain the necessary approvals to increase our allowable headcount to hire 140 staff, thereby eliminating the same number of contractors and resulting in an annual repeatable savings of \$19,956,743. Examination of the delicate balance of contract staff in relation to state employees is an ongoing process, and future savings are anticipated as the department works to identify further contractor replacement opportunities. State workers must have the needed knowledge so that we are not dependent on contractors. Determining the knowledge we need and helping employees gain that knowledge through an individual development plan are a critical part of the human resource mission.

The issue of employee classifications and compensation is another key area when it comes to the effective management of human resources. MDIT has partnered with CS and the Office of the State Employer (OSE) to remove most of our IT staff from a broad-banded pay structure. This key step returned guaranteed compensation



increases for staff that had been banned from pay increases for numerous years under the broad-banded pay structure. When IT was decentralized in the various 19 agencies, there was inconsistency in how employees were classified, and, therefore, in how they were compensated - even when the work performed by these employees may have been nearly identical. When employees were decentralized in the various agencies, there was no systematic review of classifications of staff across agencies. IT specialists were established based on the “specialist” concept in each agency. Now that all IT staff are centralized within MDIT, some of these specialist classifications are no longer supported by CS. Working jointly with CS, the department recently completed a classification review that ensured help desk and desktop support services staff had consistency in classifications and compensation. A special project was recently initiated to allow us to analyze how other public and private sector organizations deliver IT services to their clients as well as the associated classification and compensation systems in support of the delivery of IT services. In planning for the future, we will be working with CS to identify, define, and implement a classification that enables MDIT to attract, retain, and competitively compensate staff with highly specialized technical skills, knowledge and abilities.

Department employees have access to numerous online training programs that are both technical and behavioral in nature. In addition, more structured training opportunities are provided through the formal process of Individual Development Plans (IDPs). An IDP is created for each employee, with the guidance of the employee’s manager, to identify both behavioral and technical training needed for the employee to effectively perform their job. User groups have been created to help employees learn technical skills and share information with one another on specific applications and technical issues.

The department utilizes a professional development strategy to support employees throughout their career. Bringing together 19 separate agencies - all with employees at various levels of technical training - created a major problem and training disparity. The department is using an integrated professional development strategy to eliminate this disparity. The professional development strategy is centered on competencies, job roles and development opportunities (training). By identifying critical job roles and required competencies for all critical job roles, IDPs can be developed that link employees to appropriate development opportunities.

Employees were asked to follow these seven steps to identify their critical job role and their IDP:

1. Review your position description with your manager. Jointly discuss your position and be sure you understand the types of skills and competencies that are needed for your position both now and as the position evolves.
2. Identify your critical job role. If your position is a mix of more than one job role, use the predominant job role for identifying behavioral competencies. Review the mix of roles to identify the technical competencies.
3. Identify your personal strengths and weaknesses in the required competencies listed for your job role. Select competencies to focus on for the upcoming rating period.
4. With your manager, discuss and jointly identify and prioritize development opportunities for the competencies selected.



5. Add development opportunities (e-learning, courses, seminars, conferences, etc.) to your IDP and register for each individual development opportunity.
6. In some cases development opportunities may be denied because they are not reasonably connected to job role, conflict with priorities or funds are not available. In these cases, they may still be slotted for future consideration.
7. Follow up and make adjustments to your IDP throughout the year as needed.

One of the final ingredients to effective planning in the Employee Services area relates more practically to our facilities. The department's master facilities plan provides the guidance and direction for effectively housing our employees. One of our key facilities is the Operations Center, a large two-story building that houses many of the critical department functions. From a budget standpoint, future consolidation of the Operations Center is planned, including the coordination of information to provide a detailed capital outlay request for fiscal year 2007.

Building our Culture of Excellence, Integrity, Teamwork and Inclusion

Melding the IT employees from 19 different agencies into one has many challenges, but perhaps the greatest is finding our own culture! Over 1,700 employees came from 19 long-standing organizations with well-developed cultures and traditions. It is our responsibility to develop our own new and unique culture, giving employees a new sense of identity and pride. One of the ways to do this is to provide a focus on core values. The Organization Development Officer (ODO) Network is a group of leaders from each department that maintains an organizational focus to change the culture and make each agency a great place to do great work. We play an active role in this network. At the core of this work is instilling the values of excellence, integrity, teamwork and inclusion into the workplace. Employee values surveys are administered to determine the level of satisfaction and evidence of the four values at work. Results of the survey are then used to develop action plans.

Some of the key actions to help instill the values and to help develop a departmental culture include:

- Helping mid-level managers by improving communication between the levels of management through the formation of an "Operations Team" consisting of all middle managers. This team meets monthly, and members from the highest levels of executive leadership attend the meetings to share information and strategic direction to more clearly define responsibility, build trust and honesty, and further instill the values within our management structure.
- Since "immediate family" was one of the key concerns of department employees in a recent employee value survey, a department telecommuting policy is being developed that will allow some employees to perform job responsibilities at home, rather than in traditional office settings, under a managed agreement with their supervisor.
- Town Hall meetings are held every spring and fall, allowing an open forum for all employees to ask questions of the director and the executive leadership.
- Department blood drives are coordinated to foster teamwork and inclusion.



- Holiday online auctions for charity are conducted, allowing employees to donate and bid on various items, helping instill the teamwork value.
- “Day in the Life” features are written and produced on the intranet each month, profiling a typical day of a selected MDIT employee, helping create the feeling of family and further identify our culture.
- An annual department-wide summer golf outing is coordinated, again to help further our culture and teamwork.
- Recognition awards are completed routinely. Members from the department can nominate their peers for outstanding contributions to the agency. The director signs each award, which is presented to the nominee in front of other employees in public meetings. Personal thank you notes from the director is another method utilized to show appreciation to the staff.
- Discussion forums are provided on the department intranet to allow employees the ability to correspond about issues of importance they may have in the completion of their job duties.
- Weekly informational e-mails are sent to every employee to inform them of various items of interest from executive leadership.
- A 360 degree review process was instilled so that employees have a mechanism to provide feedback to managers and so that managers can receive feedback from employees, peers, and supervisors to help them improve their management skills.
- An annual outing is organized at Lansing’s minor league baseball park. All employees are invited and encouraged to attend the baseball game with supervisory approval. The event helps to further establish our culture and a sense of belonging for our employees.

Looking forward, the department will continue to monitor employee feedback from the values surveys to gauge the pulse of the organization and to identify more events that will foster the core values of our agency. One key new initiative will be to develop a department-wide recognition event, allowing for employee recognition that includes family members. As time passes, the culture of this new department continues to evolve, but it requires support, commitment, and planning.